

Senate Study Bill 1106 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act relating to the property tax exemption for property
2 designated to be a native prairie or wetland and including
3 effective date and retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, subsection 23, paragraph a, Code
2 2015, is amended to read as follows:

3 a. Application for the exemption shall be made on forms
4 provided by the department of revenue. Land designated as
5 a protected wetland shall be assessed at a value equal to
6 the average value of the land where the wetland is located
7 and which is owned by the person granted the exemption. The
8 application forms shall be filed with the assessing authority
9 not later than the first of February of the year for which the
10 exemption is requested. The application must be accompanied
11 by an affidavit signed by the applicant that if the exemption
12 is granted, the property will not be used for economic gain
13 during the assessment year in which the exemption is granted.
14 The receipt of payments required to be made in connection
15 with a contract, agreement, or easement under the federal
16 wetlands reserve program, formerly codified at 16 U.S.C. §3837
17 et seq., and as authorized by the federal Agricultural Act of
18 2014, Pub. L. No. 113-79, §2703(b), or the receipt of payments
19 under the federal agricultural conservation easement program
20 established under the federal Food Security Act of 1985, Tit.
21 XII, subtit. H, as enacted in the federal Agricultural Act of
22 2014, Pub. L. No. 113-79, §2301, shall not be considered a use
23 for economic gain. If the property is used for economic gain
24 during the assessment year in which the exemption is granted,
25 the property shall lose its tax exemption and shall be taxed
26 at the rate levied by the county for the fiscal year beginning
27 in that assessment year. The first annual application shall
28 be accompanied by a certificate from the department of natural
29 resources stating that the land is native prairie or protected
30 wetland. The department of natural resources shall issue a
31 certificate for the native prairie exemption if the department
32 finds that the land has never been cultivated, is unimproved,
33 is primarily a mixture of warm season grasses interspersed with
34 flowering plants, and meets the other criteria established
35 by the natural resource commission for native prairie. The

1 department of natural resources shall issue a certificate for
2 the wetland exemption if the department finds the land is a
3 protected wetland, as defined under section 456B.1, or if
4 the wetland was previously drained and cropped but has been
5 restored under a nonpermanent restoration agreement with the
6 department or other county, state, or federal agency or private
7 conservation group. A taxpayer may seek judicial review of
8 a decision of the department according to chapter 17A. The
9 natural resource commission shall adopt rules to implement this
10 subsection.

11 Sec. 2. IMPLEMENTATION OF ACT. Section 25B.7 shall
12 not apply to this Act to the extent of any insufficient
13 reimbursement of lost tax revenue from exempted protected
14 wetlands under section 427.1, subsection 23, paragraph "b".

15 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
16 immediate importance, takes effect upon enactment.

17 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
18 retroactively to January 1, 2015, for assessment years
19 beginning on or after that date.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with
22 the explanation's substance by the members of the general assembly.

23 Current Code section 427.1(23) provides a property tax
24 exemption for land designated as native prairie or land
25 designated as a protected wetland by the department of natural
26 resources if the property is not used for economic gain.
27 This bill specifies that the receipt of payments under the
28 federal wetlands reserve program or the federal agricultural
29 conservation easement program shall not be considered a use for
30 economic gain.

31 Code section 25B.7 provides that for a property tax credit
32 or exemption enacted on or after January 1, 1997, if a state
33 appropriation made to fund the credit or exemption is not
34 sufficient to fully fund the credit or exemption, the political
35 subdivision shall be required to extend to the taxpayer only

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1 that portion of the credit or exemption estimated by the
2 department of revenue to be funded by the state appropriation.

3 Code section 25B.7 does not apply to the bill insofar
4 as state reimbursement for lost tax revenue from exempted
5 protected wetlands is insufficient.

6 The bill takes effect upon enactment and applies
7 retroactively to January 1, 2015, for assessment years
8 beginning on or after that date.